

**Technology, Energy &
Communications Committee**

HB 2352

Brief Description: Modifying net metering provisions.

Sponsors: Representatives Morris, Hudgins and B. Sullivan.

Brief Summary of Bill

- Increases the generating capacity of a net metering system to 100 kW or less.
- Increases the cumulative generating capacity of net metering systems to 1% of the utility's peak demand of which no less than 0.5% be attributable to net metering systems that use as its fuel solar, wind or hydro power.
- Changes the date which unused kilowatt-hour credits are granted to the electric utility to April 30th of each year.

Hearing Date: 1/13/06

Staff: Scott Richards (786-7156).

Background:

Net Metering

Net metering allows electricity customers to offset (over a predetermined time-period) their consumption of purchased electricity with electricity generated by their own small scale renewable system. Under net metering, the customer's small renewable energy system is connected to a utility's electrical distribution system and electricity is fed back to the electric utility over an applicable billing period.

As of September 2005, 35 states allow net metering statewide, including Washington State. State law varies on the amount of electricity that is fed into a utility's electrical distribution system through net metering. Amounts can range from 10 kW to high as 1MW in California and 2 MW in New Jersey. Of the states that allow statewide net metering 21 states have net metering limits in the 25 kW to 100 kW range. Ohio does not place size limits on eligible systems (except for microturbines – 100 kW), but stipulates that overall enrollment shall not represent more than 1% of a utility's peak demand.

State laws also varies in the amount of electricity that is fed back into an utility's system. Of the 35 states with statewide net metering, 18 of those states place no cumulative limit on the amount of

electric that is fed back into a utility's distribution system. While the majority of the remaining 17 states place limits in the .05% to .5% range. Nevada, Ohio and Vermont allow for 1% of an utility's peak capacity to come from net metering systems.

States vary in their approach to excess generation credits. Two states have no expiration date for excess generation credit. Twelve states grant credits back to the utility at the end of 12-month billing cycle. Two states grant credits back to the utility monthly. Some states purchase credits at an avoid-cost rate at either the end of a 12-month billing cycle or monthly.

Current Law

Under current law, a net metering system is defined as an electrical production facility that: (1) is a fuel cell or uses solar, wind, or hydro power; (2) has a generating capacity of 25 kilowatts or less; (3) is located on the customer-generator's premises; (4) operates in parallel with the electrical utility's distribution and transmission system; and (5) is intended primarily to offset part or all of the customer's electricity requirements.

Current law requires electric utilities to offer net metering to eligible customers-generators on a first-come, first-serve basis until the cumulative generating capacity of net metering systems equals 0.1% of the utility's peak demand during 1996, of which not less than 0.05 percent shall be attributable to net metering systems that use as its fuel either solar, wind, or hydro power.

If electricity generated by the customer-generator exceeds the electricity supplied by the electric utility, the customer-generator shall be (a) billed for the appropriate customer charges for that billing period; and (b) credited for the excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

At the beginning of each calendar year, any remaining unused credits in excess of kilowatt-hours generated by the customer-generator, shall be granted to the electric utility, without compensation to the customer-generator.

Summary of Bill:

Net Metering System

Current net metering law is amended so that the definition of net metering system has a generating capacity of not more than one hundred kilowatts.

Cumulative Generating Capacity

An electricity utility shall offer to make net metering available to eligible customer-generators on a first-come, first-serve basis until the cumulative generating capacity of net metering systems equals one percent of the utility's peak demand during 1996, of which less than 0.5 percent shall be attributable to net metering systems that use as its fuel either solar, wind, or hydro power.

Unused Kilowatt Credits

On April 30th of each calendar year, any unused kilowatt-hour credits accumulated during the previous year shall be granted to the electric utility, without compensation to the customer-generator.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.